



Canadian Radio-television and
Telecommunications Commission

GOVT PUBNS

Conseil de la radiodiffusion et des
télécommunications canadiennes

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PAY TELEVISION

Summaries of the 105 submissions received by the Commission

THE COMMENTS ON PAY TELEVISION HAVE BEEN CATEGORIZED AS FOLLOWS

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19. Donna Hassak
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CABLE TELEVISION INDUSTRY

NIAGARA CO-AXIAL, NORMAN CURRY - No. 3 (Opposes)

He believes that all Federal money now allocated to Canadian productions (i.e. CFDC, NFB, Canada Council, CBC, etc.) should be pooled and given to a new National production agency which would also control programs for Pay TV. All Pay TV net revenues would also return to this agency whose mandate would be the establishment of a Canadian entertainment industry.

PAY TELEVISION NETWORK LIMITED (P.T.N.) - No. 28 (SUPPORTS)

Impact

Will stimulate high quality Canadian production by combining the resources of the Broadcasting, Production and Cable industries.

Will expand viewing choices.

Will stimulate the growth of the Canadian Production Industry.

Distribution

Must be able to respond to regional programming needs.

Bicycled video-tapes, with programs distributed via cable will satisfy the majority of requirements. Remote areas might use over-the-air delivery.

Some companies will use microwave or satellite.

Technical

Start with a subscription service, change to pay-per-program as technology and revenues permit.

Marketing

A properly coordinated high profile marketing campaign on a continuous basis will minimize "churning".

Research and analysis must be integrated with marketing.

Ownership and Organization

It is essential that one operation have control of over all phases of Pay TV development.

Cable companies should hold a majority of shares, but others, particularly the producers, should also have direct participation in ownership, because:

- Cable is not tied to existing production facilities, therefore objective decisions are more likely
- cable operators will be asked to make the major capital investment
- primary sales and marketing will be handled by cable
- one-third of the directors will be other than cable representatives
- third party ownership is not satisfactory as it would not have the same financial incentives
- public ownership is not desirable and public concerns can be handled by government regulations
- adequate funding is available from private sources
- provision for growth in the Canadian programming fund have been built into the financial model

The service would be made up of 3 separate but interdependent subdivisions: network, program source and exhibitors.

- The network would handle purchasing, scheduling, marketing and administration;
- Programming would provide the Canadian programs;
- The exhibitors would develop regional and local programming to supplement the core package provided by the network, handle local marketing and administration, and all distribution hardware providing the service to the customer.

Programming

Pay TV can become a partner to traditional television for high-quality programs.

Objective would be to stimulate the production of programs not of interest to broadcasters.

There would be a reliance on imported feature films at the outset but an increase in Canadian productions later.

- 15% of gross revenues would go to Canadian programming, 25% of gross revenues to foreign films
- \$46 million would be invested in 54 feature films over 6 years, i.e. 60% of the total expenditures going to Canadian programming in that time
- There would be an annual investment of \$13 million for Canadian feature films by 1982
- About \$22 million would go to screenplays and other Canadian programming
- Eventually the amount allocated to Canadian programming would increase beyond 15% of gross revenues, thus diminishing the dependence on foreign films
- Pay TV productions would be offered for export from the outset
- Pay TV would deliver programs to selected audiences. It would also distribute live events not carried on traditional television
- PTN would not own in-house production facilities but would use the existing facilities of broadcasters and independent producers
- PTN would fund writers and create a star system to promote actors
- A single network organization would be established with English and French capability for national programming. A Quebec agency would initially create programming for supplementary cable channels; later it would provide regional programming for the national network
- Allowing Pay TV in individual systems would fragment resources and inhibit the evolution of a strong national program purchase system
- PTN prefers to "bicycle" programs so as to retain flexibility rather than distributing them by satellite feed
- Satellite feed has an advantage for live events but is too rigid for local programming inserts

- Pay TV service would be offered on a single channel
- Later when a wider programming choice is available and technology sufficiently developed the service would be offered on a pay-per-program basis

Siphoning regulations should be adopted to ensure distinct programming alternatives to that currently available.

- Fragmentation is not considered to be a problem and the expansion of viewer choice is positive in itself.

CANADIAN CABLE TELEVISION ASSOCIATION - No. 39 - (SUPPORTS)

Impact

Pay TV can stimulate the Canadian production industry by investment and by providing increased access to the audiences.

Pay TV can provide a new source of high quality programming.

Technical

Delivery of Pay TV via cable is logical and natural and immediately reaches 45% of Canadian TV homes.

Pay TV must, as quickly as possible, reach a maximum number of subscribers, to allow maximum dollar flow, and a maximum investment in Canadian production.

Ownership

Cable must have ownership control in order to control the product and to guarantee consumer acceptance. Cable already owns the distribution hardware.

There is no need to establish a new organisational entity when cable companies are prepared to accept this challenge with an established structure in place.

The conditions of ownership should be regulated by the CRTC.

Broadcasters would be welcomed in a new programming agency, but cable should have control because:

- Pay TV requires new disciplines and talent
- Traditional television programming skills do not suit the requirements of Pay TV

Pay TV is not an extension of traditional television.

- Canadians will not pay extra for what they already have on existing TV
- The CRTC should minimize siphoning and duplication with regulations

Only a large-scale Pay TV operation will produce large enough revenues for high quality programming (Small scale tests will not work).

- If Pay TV in Canada is introduced at roughly the same time as U.S. Pay TV, it will acquire a good bargaining position for program purchases and sales
- There should be a single Pay TV organization with a capability for regional input
- A cable and broadcasting consortium is not feasible. Cable has the distribution plant for Pay TV. Broadcasters are out to protect their commercial franchises rather than to diversify programming through Pay TV
- The Government should not own Pay TV: programming decisions are not in its interest or to its advantage.

Programming

CRTC has few positive options available to enable it to achieve the objectives of Canadian broadcasting. In Pay TV, it has one.

Pay TV can support the three objectives set out by the Minister.

Canadian Pay TV must be different from U.S. Pay TV. The FCC rules do not ensure new production or the attainment of social objectives.

Producers and performers are favourable to Pay TV.

Canadian films on television are rare, production costs cannot be supported by the Canadian market. Pay TV can provide new sources of revenue and distribution.

Independent producers are not disciplined to television scheduling but are more attuned to producing single programs which are ideally suited to Pay TV.

Funds for Canadian production are at their limit. The single remaining source of funds is the public, via Pay TV.

The Pay TV network will not invest in production hardware.

There is a high demand on U.S. Pay TV for post theatre feature films uninterrupted by commercial content.

Pay TV viewer expectation is higher, thus the quality of the programming is of critical importance.

Pay TV is more akin to the movie theatre than to traditional television.

One national channel with broad entertainment programming is the most viable alternative at this time, but multiple channels for minorities are desirable later.

Pay TV will depend on recent, post-theatre foreign feature films, but will provide one equal conduit for both Canadian and foreign films.

The CRTC and cable cannot expect to force consumers to watch any particular type of programming.

The results of the Canadian content regulations have been low quality, low appeal, off prime time, formula programming churned out by broadcasters using their in-house production facilities.

Quality in smaller quantities should be the Pay TV requirement.

Cable will not market, nor would customers buy, a service based on Canadian content.

Ce mémoire est présenté par onze (11) entreprises de télévision par câble et par quatre (4) producteurs indépendants. Ces groupes sont identifiés dans le mémoire.

Programmation

Les territoires des câblodistributeurs couvrent des zones urbaines importantes et la production canadienne doit rejoindre ceux à qui elle se destine; les services sélectifs ne pourront se développer avant que le service standard atteigne la majorité. Les convertisseurs de fréquence, Microbec et les expériences avec la distribution d'émissions, notamment de la CECO, placent la câblodistribution à l'avant-garde de l'effort nouveau. Pour qu'une présence internationale se développe, la production canadienne doit trouver sa position par rapport aux autres producteurs internationaux et développer des modèles d'échange viables.

Un des problèmes est l'autocritique nécessaire de la câblodistribution envers le contenant et le contenu dans le contexte des média, y inclus l'amélioration de ses services. Si le câblodistributeur ne s'occupe pas du contenu qu'il achemine, la spécificité du médium sera dénaturée et le câblodistributeur perdra de son importance. Le câble n'est pas seulement un "common carrier": il est entre la radiodiffusion (qui rejoint la masse à partir d'un point de diffusion) et la téléphonie (la communication de point à point), i.e. il rejoint des groupes à partir de points différents. Il est éditeur électronique, complémentant les autres éditeurs audio-visuels: producteurs de film et de vidéo, radiodiffuseurs, etc... Donc, il pourrait jouer un rôle important dans l'agence de télévision à péage, sans mettre tous ses œufs dans le même panier: la télévision à péage n'est qu'un des services de la télévision par câble.

Depuis quelques années, les câblodistributeurs ont élargi la gamme des services: renseignements utilitaires alpha-numériques, aide aux citoyens à la production, auto-production d'intérêt communautaire, production à plus grande échelle (ex.: CECO). Cette évolution peut se poursuivre avec des producteurs indépendants par la fonction d'éditeur électronique.

Cablevision Nationale Ltée envisage le développement d'un canal universel (disponible à tous les abonnés) qui relèverait d'une structure connue sous le vocable de "Société québécoise d'édition électronique". Cette société aurait les caractéristiques suivantes:

Elle exploiterait au maximum les canaux disponibles du câble, afin d'augmenter la pénétration. Elle favoriserait l'augmentation de la quantité et de la qualité de la production canadienne et la rendrait présente sur la scène internationale. Elle complèterait PTN/RTP en augmentant la production canadienne, notamment celle de langue française, autre que le divertissement, les longs métrages et les sports. Elle initierait avec ses partenaires, les producteurs indépendants, une quantité importante de nouvelles productions. Elle pourrait produire elle-même des émissions. Elle achèterait des productions existantes. Elle ferait la mise en marché de ses produits pour les vendre à des clients. Elle les vendrait sans profit à ses actionnaires et à profit sur le marché ouvert. Ses employés seraient des professionnels de la communication. Afin de réaliser cet objectif, les câblodistributeurs actionnaires demanderont un redressement tarifaire. Les abonnés et les ventes internationaux seront d'autres sources de financement.

La décision de mettre les produits sur le service de base ou sur le service du convertisseur serait du ressort de chaque câblodistributeur. Les premiers efforts développeraient des produits pour le service standard et se rattacherait à la tradition du médium et de ses effets culturels. N'ayant pas de tradition électronique, on tiendra compte des traditions de l'édition du médium écrit pour les appliquer à l'édition électronique.

Les câblodistributeurs-actionnaires seront actionnaires de PTN/RTP, dont les produits seront d'intérêt national. Les produits de la Société seront d'intérêt régional, donc complémentaires à la programmation de PTN/RTP.

Les quatre producteurs indépendants signataires de ce mémoire ont fait les remarques suivantes:

La télévision à péage serait par rapport à la télévision traditionnelle, le seul mode de spectacle chez soi. Le spectateur serait libre de "payer". Cette nouvelle télévision devra être une source d'émissions originales de haute qualité, sans réclame et disponibles à volonté. La quatrième révolution des communications,

miraculeuse pour certains, mal nécessaire et inévitable pour d'autres, devrait être originale et nouvelle. Reconnaissant l'expérience américaine, on devra néanmoins trouver des solutions propres à nous.

La radiodiffusion et la production du long métrage ont méprisé les producteurs indépendants. Les radiodiffuseurs ont leurs moyens de production, de distribution et d'exploitation. La distribution du long métrage est contrôlée par des étrangers. Les producteurs canadiens doivent vendre leurs produits aux réseaux au même prix de dumping que les produits étrangers. Avec la télévision à péage, le producteur est confronté directement avec le public qui pourra choisir d'acheter ou non son produit. La notion de pourcentage infime à la production canadienne infériorise la production.

L'implantation graduelle permettrait de nouvelles formules de programmation et éventuellement le péage sélectif par émission. On utiliserait la câblodistribution. On utiliserait les moyens existants de production, y inclus ceux des radiodiffuseurs. On éviterait la fragmentation des auditoires, puisqu'on aurait comme objectif de satisfaire les besoins précis de groupes d'auditoires spécifiques (arts, sports, éducation). Elle sera complémentaire à la télévision traditionnelle dont l'objectif est le plus grand nombre possible de téléspectateurs aux heures de pointe. Les revenus de la télévision à péage ne permettront pas que le long métrage constitue la base de la programmation; autrement, les programmeurs subordonneraient le marché des fournisseurs étrangers. Cependant, la télévision à péage permettrait, par ses investissements, la production de longs métrages qui ne germeraient pas autrement.

La télévision à péage pourrait élargir et enrichir la programmation offerte normalement aux consommateurs de la télévision. Pour des motifs commerciaux et pour rejoindre le plus grand nombre, la télévision écarte volontairement plusieurs facteurs de l'activité humaine et de la création artistique. La télévision à péage fournit l'occasion de se divertir et d'apprendre. La programmation sera libérée des contraintes de temps, de cote d'écoute, de rentabilité. Elle aura la primeur de certains longs métrages ou d'événements sportifs, de concerts symphoniques, de pièces de théâtre, de littérature, de botanique, etc.

On s'appelle des programmeurs. On pourrait participer à définir cette nouvelle communication et à élaborer de nouveaux concepts de programmes. Jusqu'ici, la publicité a déterminé la force et le développement de la télévision, des normes étrangères avaient défini notre long métrage. La télévision à péage tend à adopter des modèles étrangers. Le modèle qu'on propose fera cette révolution pour atteindre des objectifs culturels spécifiques.

Propriété

L'agence connue sous le vocable de "Société québécoise d'édition électronique" sera détenue à 51% par l'industrie du câble. Elle agirait comme un éditeur:

- en initiant une quantité importante de productions,
- en produisant des émissions,
- en achetant des productions existantes.

La "Société" serait actionnaire de PTN/RTP.

Economie

L'agence obtiendra son financement par le biais d'un redressement tarifaire qui pourrait représenter plus de \$2 millions dès l'année 1977 (\$0.50 par abonné de câble par mois pour l'ensemble du Québec).

(A group of seven cable companies).

Impact

Pay TV could provide the financial impetus which would allow the development of new services via coaxial distribution systems.

Technical

Integrate the present (Pay TV) concept with the future service potential of coaxial cable using one terminal for all services.

Ownership

Only if cable people own the Pay TV system will it be able to achieve its ultimate potential, which encompasses possibilities well beyond simply Pay TV.

Programming

BCN would provide:

- television
- movies
- sports
- cultural events
- marketing services
- classified ads
- data retrieval
- health data
- polls
- news
- audio
- social services

Provision of such services will only be profitable if delivered on a network basis and if cable operates Pay TV.

Unless cable is encouraged to experiment and develop services of this kind Pay TV investments are not worthwhile.

It is proposed that a pilot test be carried out in 500 homes for one year.

Such a test would benefit society and provide information, education and experience.

Pay TV represents a revolution similar to printing and the telephone.

Programmation

Basant son mémoire sur son expérience de télévision par câble à canaux multiples, Télécâble Vidéotron décrit la télévision à péage comme devant être un service de contenu et de services spécialisés:

- a) distribué sur plusieurs canaux,
- b) disponible selon un mode sélectif;
- c) payé selon un mode de paiement par souscription et par contenu.

L'entreprise croit que la télévision à péage devrait miser sur la spécificité du câble. Les caractéristiques en étant:

- a) la multiplicité (grand nombre de canaux),
- b) la bi-directionnalité (possibilité d'interaction),
- c) l'accessibilité et la souplesse,
- d) l'authenticité,
- e) l'instantanéité, la spontanéité et la simultanéité,
- f) et prochainement, l'individualité et la multipolarité.

La télévision à péage doit tendre à devenir, comme la bibliothèque, une collection de sujets multiples à contenu spécialisé.

Parmi les services spécialisés mentionnés dans le mémoire, on peut retenir les suivants:

- la transmission du journal,
- l'accès aux banques d'information et de documentation,
- la surveillance à distance,
- la consultation à distance (polling),
- la formation, le recyclage et la diffusion de la culture,
- les assemblées, les réunions et les congrès,
- la télé-empllettes,
- la poste et,
- la bibliothèque.

Technique

Afin d'offrir les services de contenus spécialisés, il faudra développer un terminal de l'usager (Home Terminal) ayant les caractéristiques suivantes:

- opérer à des fréquences
 - vers l'abonné 54 à 1000 Mhz
 - vers la centrale 0 à 30 Mhz
- être compatible avec la fibre optique,
- être alimenté électriquement par le câble,
- retenir 2000 bits en mémoire
- alimenter une imprimante (fac-similé)

Economie

Afin d'assurer son objectif de distribution de contenus et de services spécialisés sur plusieurs canaux, Télécâble Vidéotron croit nécessaire d'accroître la base de revenus de l'industrie du câble afin de:

- a) réaliser l'interconnexion des systèmes,
- b) développer un terminal de l'usager,
- c) obtenir des contenus spécialisés,
- d) susciter le développement et l'implantation de services spécialisés et,
- e) accélérer l'introduction du câble dans les régions à faible densité.

CABLECASTING LIMITED - No. 82 (Supports)

Impact

Pay TV would provide a relatively modest contribution to the Canadian program production industry of \$9-\$16 million per year.

Economics

Pay TV should either provide a monthly program package for \$8.00/month or charge \$3.00 per month for a decoder and record-keeping, plus a fee per program.

Net revenues from the substitution of U.S. commercials by Canadian commercials on cable is estimated to be from \$24.9 to \$61.5 million in 1981 (the latter figure being applicable if satellite distribution is used). These revenues could be used for Canadian production and could be added to 15% of Pay TV revenues which are estimated to be from \$9.51 million (at 15% Pay TV penetration) to \$16 million (at 25% penetration).

CABLE TV LTEE - No. 85 (Opposed)

Impact

It may be appropriate to delay Pay TV and consider other means to stimulate the Canadian Production industry.

Programming

Broadcasters prefer non-advertising competition (Pay TV) to the addition of more commercial television stations.

Their losses from reduced audiences can be compensated for by the additional production revenues from Pay TV.

A large proportion of the Pay TV revenue will probably go to security devices, to the detriment of revenues for production.

Rather than Pay TV a supplementary cable channel, using existing technology, could be assigned to distribute Canadian production, as an interim solution.

- Revenue could be obtained by a flat rise in subscriber rates i.e. \$2.00/month
- operators would obtain programs on the free market, governed by what the subscribers want.

A fixed percentage of gross revenues would be allocated to purchase programs from Canadian producers on an incremental sliding scale, hopefully reaching 50%, once the channel is made popular through the carriage of U.S. programming.

There should be minimum regulation on content, performance, revenue, distribution and profit.

Content control would be exercised automatically by community standards, programming competition, and subscriber pressure.

This system could avoid most of the problems and costs of making an immediate start on Pay TV. It would give several years to develop a true pay-per-program system of Pay TV, which must be our ultimate goal.

Recommendations

- Que les organismes responsables s'abstiennent d'arrêter une formule restrictive de télévision à péage;
- que l'encadrement réglementaire soit souple.

BROADCASTING INDUSTRY

C.T.V. TELEVISION NETWORK LTD. No. 22 - (Opposed)

If the three objectives of the Minister can't be achieved, Pay TV should be deferred.

Programming

Canadian artistic and technical expertise is in demand by foreign producers.

- CTV's international program sales and Global's recent international programming successes have required budgets twice to 22 times normal levels.
- Canadian programming budgets are proportionately higher, but advertising budgets are proportionately less, than in U.S. Additional funding is needed for programming.

Like cable, Pay TV can result in a reduction in audiences for Canadian stations and programs.

- A subscriber watching movies for 5 hours/week on Pay TV would reduce traditional television viewing by as much time and would not watch the movie for a second time when on traditional television.

If \$13.5 million of Pay TV gross revenue is allocated to production it equals the entire CTV budget for Canadian entertainment programs. If half of this amount (i.e. \$6.75 million) goes to programs, assuming an average cost of \$100,000 per program, it would produce 67.5 hours/year, or only 1.25 hours/week, of Canadian programming.

- Despite limited resources, broadcasters have the expertise to produce programs for international sale.
- Broadcasters also have the expertise to buy and schedule programs.

The Pay TV funds for Canadian program production should:

- Provide a flexible proportion of gross revenue at the outset.
- Once Pay TV is established, 15% of gross and 40% of net revenues should be spent for:
 - a) the development and production of Canadian feature films for theatres, Pay TV, and then for traditional television,
 - b) for cultural programming for all media, especially for the CBC, OECA, etc.,
 - c) for the expansion, but not the replacement, of existing funds for traditional television production.

Pay TV should provide a single channel at the outset. Then possibly a 2nd and 3rd channel for diversified programming.

- Pay TV should be free of commercials or sponsorship.
- No conventional programming should be used by Pay TV which would siphon tight program supply and escalate program acquisition costs.
- No motion pictures of more than three years after theatrical release should be released by Pay TV.

- There should be a five-year waiting period for events that traditional television failed to obtain.
- Pay TV could carry live events not broadcast by traditional television.

Technical

Pay TV should be introduced into test areas - results should be analyzed before introducing Pay TV across Canada.

Pay TV should be delivered via a "secured channel" either over-the-air or on cable.

Ownership and Licensing

If established Pay TV should be owned by Canadian private television broadcasters. Cable should be excluded because it has no programming expertise.

There should be one Pay TV licence for English, and one for French language programming.

- The program agency should obtain exclusive program acquisition rights,
- The prospects of co-production arrangements will be impossible if Pay TV is fragmented by granting regional licences.

MOFFAT COMMUNICATIONS LIMITED - No. 27 - (Supports)

Technical

Pay TV should be delivered via a scrambled signal to be transmitted by UHF and carried by cable.

Two time zones would be used for English programming, one for French.

The cost of the descrambler would be included in the monthly rental.

A pay per program system would be used.

Telsat should allow the customer to own his own Earth Station.

There should be very tight financial regulations, allowing only a 10% profit over a period of 10 years.

Ownership

A licence should be granted to a regulated private monopoly which should be the exclusive purchaser of Pay TV programming.

Programming

Viewers, particularly those without Pay TV, must continue to receive high-quality programs without a fee.

Presently unlicensed Pay TV must accept a role in developing Canadian artists and producers.

Pay TV should not disrupt conventional broadcasting unless it results in better programming.

The cost of foreign program purchases should be kept to a minimum so as to release more money to Canadian program production.

Siphoning rules are needed to enable Pay TV and traditional television to coexist.

The Pay TV organization should purchase all feature films for use by both broadcast and Pay TV.

- Some films would be earmarked for Pay TV, others to traditional television.
- Traditional television would be required to buy feature films from the Pay TV organization.
- Proceeds from feature films sold to traditional television would go to a separate fund which would be used to purchase Canadian programming.
- All traditional television stations would bid against each other for film purchases in order to increase the amounts for Canadian productions.
- The Pay TV organization would not own production facilities.

Pay TV programs would be released to traditional television after one year of Pay TV exhibition.

The Pay TV organization would acquire all Canadian sports broadcast rights.

- The CBC would be allocated one game per week.
- Private stations would submit bids to the Pay TV organization for rights to the use of events.
- The Pay TV organization would pay for all origination costs and rights.

- Traditional television stations would pay for delivery costs.
- Pay TV would be able to broadcast all games not scheduled by traditional television, and to negotiate with television stations and independent producers for game origination.
- All playoff games would go to Pay TV except for finals which would be aired on traditional television.
- Pay TV would not be allowed rights for foreign and single sports events.
- A dollar spent on foreign program material would be matched by one dollar for Canadian program materials.

If broadcasters own the Pay TV organization this would automatically prevent siphoning.

Amounts allocated to Canadian programming are likely to be small in comparison to gross Pay TV revenue.

Impact

Pay TV would increase the importation of American culture via programming.

In French-Canada, Pay TV would be culturally disruptive and possibly economically unsound.

Pay TV would further fragment audiences for Canadian television.

Pay TV will pose program and talent siphoning problems particularly if Canadian content regulations are imposed.

Pay-per-channel will impose a greater hardship than pay-per-program, as more product will be required, and the customer will be inclined to be more committed to the viewing of a product which has been specifically paid for.

Programming

If it is to be successful, Pay TV will of necessity be dominated by U.S. movies and sports.

- Other forms of programming are therefore unlikely.
- There will be limited Canadian content because the number of Canadian films produced per year will not be sufficient to meet the demand.
- There will be a need for anti-siphoning regulations, particularly if Pay TV is offered on a per-per-channel basis, to ensure that Canadians without Pay TV will still be able to receive major Canadian programs.

Pay TV is not appropriate for specialized programming not offered on traditional television.

- People want mass entertainment.
- Since only a small proportion of viewers watch specialized programming it is unlikely that this kind of programming will draw large audiences on Pay TV.
- A better alternative to Pay TV would be the establishment of a second CBC channel on cable.

Pay TV is not an appropriate way to raise funds to produce or commission feature films because it would duplicate the CFDC's role.

Pay TV will have a serious impact on broadcastings' ability to achieve the objectives of the Broadcasting Act.

- English Canadian Pay TV will likely require 90% foreign programming on a pay per channel basis and an even larger percentage on a pay per program basis.

French-language Pay TV will have a serious cultural impact:

- It will use predominantly dubbed or subtitled foreign programs which would increase the percentage of foreign programming in the Broadcasting system.
- It will increase the appeal of foreign programming. French Canadian programs are presently more appealing than foreign programs.
- Pay TV revenues in French Canada will be low but there will be higher program costs.

Siphoning risks:

- Talent siphoning is a risk especially if performers and producers negotiate exclusive contracts with Pay TV.
- Financial analysis indicates that 28% of gross revenue would be available for Canadian programs.
- This revenue should not go to Pay TV production only.
- 75% should go to broadcasters according to the excellence of their performers in developing Canadian content in their programming.
- 25% should go to the CFDC.
- A proportion of the 75% should be allocated to the development of program ideas similar to the U.S. "Pilot" system rather than going to the support of established program formats.
- Pay TV profits allocated to the CBC would go to independent producers. Private broadcasters should do likewise.

Technical

The CBC feels that Cable television will be the best method for delivery of Pay TV service.

Ownership

If privately-owned, Pay TV should be required to exact a levy of 25% of gross revenue to be allocated to filmmakers and broadcasters for program development.

Without regulations and full financial disclosure, Pay TV and cable could make inordinate profits, with little for Canadian production.

A combined private and public corporation, which the CBC favours, would direct all profits to Canadian program development. Its Board would include representatives of the public sector, broadcasting, film production and cable.

CBC concludes that Pay TV would be a negative force vis-à-vis the objectives of the Broadcasting Act.

Impact

Canada, being the most cabled nation in the world, offers more choice to its citizens, than any other country, including the U.S. Therefore, we cannot expect Canadians to buy Pay TV as Americans have.

Canadians may go directly to home video reproduction systems rather than Pay TV.

Pay TV will cause a further fragmentation of audiences to conventional television.

Pay TV will increase the importation of U.S. programs.

Siphoning of programs from conventional television is inevitable.

Technical

Pay TV should only be implemented after a period of testing and assessment. A further specific market study will be needed before regional licences are granted.

Ownership

Must be privately owned by broadcasters, who have had many years of production experience. Only broadcasters can ensure the continuance of the existing system.

Programming

- Canadian production cannot satisfy the volume of material needed to sustain Pay TV.

- There will be an increase of foreign competition against the weaker Canadian production.

There will be an increase of viewing time to U.S. programs.

- Anti-siphoning regulations can at best only maintain the status quo.

- If Pay TV had been here five years ago, would the Olympics, tennis and the Canada Cup have been available on traditional television?

- If Pay TV's offer for rights is at too high a price for present broadcasters and if movies and sports were to disappear as a consequence of this there would be a public outcry.

- There will be fierce bidding for programs between Pay TV (and its assured revenue) and traditional television with its uncertain sponsorship.

- Hollywood may well obtain more than PIN's proposed 25% of revenues allocated to purchase foreign programming. The result will be a reduction of the proposed 15% of revenues for Canadian programming or fewer choices for the subscriber, or both.

- Is Pay TV to become the symbol of top-quality programming for the economic elite only?

ATLANTIC TELEVISION SYSTEM - No. 41 (Opposes)

With a cable penetration of 56% in Halifax, 23% of the viewing goes to U.S. stations.

Pay TV is a threat to the objectives of the Broadcasting Act and to regional and local programming.

The public interest will not be served by depriving them of access to programs now on traditional television.

If Pay TV is to compete for programs as dictated by the marketplace then:

- Sufficient safeguards against siphoning will not be possible.
- Further competition for programming will escalate prices demanded by foreign producers.

EDMONTON VIDEO - CITV-TV No. 44 (Opposes)

Ownership

A single Pay TV corporation should be established to provide English and French language programming. It should be owned by broadcasters so as to effectively control siphoning and fragmentation.

Programming

Pay TV programming should have the following characteristics:

- No commercials or sponsored programs.
- No live telecasts normally broadcast by traditional television.
- 100% Canadian content.
- It should not become one more vehicle for American culture and philosophy.

Pay TV revenues would be raised by placing a nominal surcharge on present cable fees. This revenue would in part be used to:

- purchase Canadian programming
- commission production companies for specific programs
- fund producers to undertake productions with potential for foreign sales.

Pay TV will not guarantee increased viewing. Canadians will not watch it for its novelty. Pay TV must fulfill a substantial void in broadcasting.

Technical

Cable operators should provide distribution free in return for increased penetration.

The service should be delivered over-the-air in remote areas.

CORPORATION CIVITAS - No. 46 (Opposes)

A linguistic imbalance still exists in the television service being provided in Montreal.

Third independent television service should be established before Pay TV because it would offer more varied programming and new opportunities for expression.

Programming

If Pay TV is to be introduced it should be conditional on fully integrated pooling all of resources both federal and provincial so as to subsidize productions which otherwise would not be competitive nor exportable.

Pay TV should be offered in both languages with two audio channels for systems serving bilingual markets.

French-speaking Pay TV will be able to respond more easily to Canadian content needs than English-speaking Pay TV.

Ownership

Pay TV should exclude government because:

- For government to be arbiter and cultural czar of what people will see clashes with democracy and free broadcasting. It would be subject to pressures presently unforeseen.

A private corporation should form the programming agency. It should include broadcasters, cable operators, producers, film distributors and entrepreneurs.

- Two autonomous agencies, one English and one French, should be established with suitable liaison between them to ensure the maximum use of programs.
- The agencies should answer to the CRTC on:
 - program procurement
 - the level of the financial contribution to Canadian production
 - production policies and activities.

A reasonable return on investment should be fixed by government decree.

A fixed percentage of revenues to Canadian program production is irrelevant at this time as Pay TV is not yet accepted by the public.

Technical

It is important to recognize the limitations of cable distribution, particularly in Quebec, and over-the-air delivery must receive consideration.

MID-CANADA TELEVISION - No. 47 (Opposes)

Impact

There has been "No" cry for Pay TV.

Pay TV would destroy small market TV broadcasters

PROGRAMMING

The north lacks the cultural amenities of major centres yet, the environment for broadcasting is fragile.

Both Cambrian Broadcasting and Mid-Canada Television are in a massive price war for programs.

Such competition increases the prices for programs.

Another purchaser in such a market would be devastating.

Both Pay TV and traditional television would be after the same audience.

Movies in demand by traditional television will also be in demand for Pay TV.

Traditional television would have an additional waiting period because of the intermediate run of movies on Pay TV.

Pay TV would pay an additional premium price for movies.

Traditional television will not benefit from this premium price. Also it will not benefit from the fact that a number of viewers will have already seen the movies on Pay TV before they are shown on conventional television.

Mid-Canada has been the only broadcaster to televise heavyweight fights because of a lack of centres for closed circuit television.

If Pay TV is licensed in Northern Ontario, it should be controlled equally by broadcasters and cable operators.

Broadcasters would assure proper programming and guard against siphoning.

Cable would provide technical and administration services.

Pay TV should be required to live up to minimum Canadian content commitments.

Traditional television is essential to Canadian culture and to the community.

WESTERN APPROACHES LIMITED - No. 56 (Opposes)

Impact

Pay TV could have devastating effects on new UHF TV broadcasters who rely heavily on cable distribution for viewers.

CANWEST BROADCASTING LTD. - No. 57 (Opposes)

There is intense competition in Manitoba for audiences and advertising. Cable recently brought in a P.B.S. station:

- Which fragments further audiences for existing television.
- Which is a form of Pay TV: Manitobans contributed \$75,000 to the P.B.S. service.
- It has also improved the reception of other U.S. signals with microwave.

CKY-TV, which controls one large radio station and one large cable company is effectively insulated from fragmentation and siphoning.

If 50% of cable subscribers watch Pay for 5 hours/week, a massive loss of audience would result and broadcasters would be unable to perform their commitments:

- The only variable cost for a broadcaster is his programming cost, Pay TV profits should be used to assist private broadcasters.

Pay TV should not become another outlet for foreign programming.

Television is not protected from foreign competition by tariffs.

Television does not receive subsidies and grants, like DREE and CFDC.

If Pay TV is to be introduced, it should conform to the following conditions:

- It should offer minority or specialty programming which is too expensive or attracts insufficient audiences for traditional television.
- It should be operated by private broadcasters who have proven program experience.
- It should provide a pay-per-program service.
- It should be distributed off-air so as not to force the public to subscribe to cable in order to get Pay TV, and so as not to exclude uncabled areas.
- It should perhaps be exclusively Canadian, if government decides to establish a quality production industry in the same way as it has promoted other industries.

If Pay TV programming is to be commercial rather than specialized then the CRTC must decide on the kinds of programming which are to be used exclusively for Pay TV and those which are used exclusively by traditional television.

Impact

Feels Pay TV is used as loss leader to increase penetration, and American examples are irrelevant to Canadian, South West Ontario situation.

Technical

Costs are high - a \$150. per subscriber capital investment is required.

Must consider next steps in technology, and their implications, and design a system which can accommodate these changes.

Programming

Instead of being new, Pay TV seems to be derived from the U.S. model.

With a million Canadian homes with Pay TV at \$8/month, revenues would be around \$100 million.

While 15% of \$100 million gross Pay TV revenues might be spent on Canadian programming, \$5 to \$50 million, i.e. 45% to 50%, could well be spent on foreign programming. There will still be little for Canadian producers and much for foreign producers.

There will be a great increase in Canada's investment in broadcasting simply to allow a minority of urban Canadians to watch "Jaws" one year earlier than on traditional television.

Regional disparities would increase:

- While 500,000 people are still without television, the impact of Pay TV would be greatest in the areas with the widest choice.

Siphoning will occur and:

- The Government will likely only discourage the most flagrant cases of siphoning.
- Pay TV could outbid traditional television for programs.
- A good movie lost to Pay TV will be replaced by an inferior one or one already run on Pay TV. The result will be:
 - audience loss
 - lower revenues
 - deterioration of programming.

Pay TV on cable:

- Would attract more cable subscribers and broadcasters would lose more audiences to Pay TV and to cable subscribers who have specifically signed up for Pay TV.

Fragmentation of audiences would be aggravated:

- CHOV-TV, Pembroke, represents a good example of the effect of too much choice.
- In Edmonton the audience loss with even one additional U.S. channel is a problem to local broadcasters.

Technology may make existing Pay TV concepts obsolete.

Yet Pay TV could provide:

- Revenues for Canadian production
- More Canadian programs on traditional television
- A more creative role for cable
- A genuine programming alternative without siphoning
- A new service to all Canadians, not just cable subscribers.

Target Television

Global's alternative to Pay TV is "Target Television". This will be all-Canadian programming aimed at specialized audiences:

- Programs will be distributed on one cable channel
- The programming will be financed by a requirement to set aside \$1 per subscriber per month (called a charge for additional service, not a tax). This would yield around \$33 million at present subscriber levels. \$5 million of this would be allocated to cable administration charges and \$28 million would go to Canadian programming. i.e. more than twice C.T.V.'s budget for Canadian entertainment. (Under the proposed 15% levy system, it would require 2 million subscribers, i.e. \$200 million, to generate as much, with the rest going to foreign programming and equipment.)

Because cable knows its customers it would:

- Select and schedule programs
- Decide what special interest programs to commission.

Cable should not own its own production firm because it would overpay for its own inexpensive productions and turn the concept into a sham.

A national network or even two or three competing networks could be established.

Buying cartels are unnecessary because it will be all-Canadian programming.

Funds would be pooled for high-quality special interest programming.

There could be a significant export market for this kind of programming.

The demand for Target Television would increase with the use of video cassettes and video-discs.

It will be unnecessary to consider large budget productions to ensure quality.

Strong programming could be available within a year, if funds are established for production at the outset.

The three objectives stated by the Minister to be met by this concept.

A 2-3 year test could be conducted within Global's area and if positive this concept of Pay TV could be extended nation-wide.

Conventional Pay TV

If Pay TV is to be for mass audience appeal, Global proposes the following:

- That a national distribution system be established with remote-controlled, interconnected transmitters distributing encoded Pay TV signals in order to reach all Canadians.
- The service would be in English and in French.

The Pay TV agency would be owned by private broadcasters because:

- Cable is not normally involved in programming, except in community programming, and therefore lacks the necessary experience.
- Cable does not need an involvement in Pay TV. It has always relied on content supplied in total by broadcasters.
- If cable operated Pay TV unprofitably, they could demand less stringent regulations for siphoning. On the other hand, broadcasters would promote a more equitable balance of programming on Pay TV and on traditional television.

CITY-TV - CHANNEL SEVENTY NINE LIMITED - No. 60 (Opposes)

Technical

Suggest Channel 79 use their facilities for a test.

Scramble all signals after 10:00 p.m. for Pay TV.

Ownership

A single Pay TV company which combines broadcasting and cable is impractical. It would combine divergent and competing skills.

CITY-TV proposes a two tier system involving a program company and an exhibition company.

Program Company

- Would acquire, pack and sell programs.
- Would provide production incentive funds for reinvestment in programs.
- Retain profit-motive so as to maintain contact with the marketplace.
- Profits would go to production, not to investors.

The monopoly powers of the program company bring both advantages & disadvantages:

- Advantages:- pooling of resources

- surplus revenues can be used for reinvestment in Canadian programming.

- Disadvantages:- a producer could become a cultural czar with power to select programs at his discretion, thus excluding producers who do not share his tastes.

- The concept could be acceptable if funds are redistributed according to fixed criteria for example, profits could be apportioned to broadcasters in each area, with CRTC overlooking the spending of these profits.

- An alternative, which could counterbalance the power of one monopoly on the one hand yet preserve the need to pool resources on the other, would be to set up 3 program companies to serve:

- Ontario
- Quebec, Maritimes, Newfoundland
- Prairie provinces and British Columbia.

Exhibition company

Would be concerned with:

- Hardware
- Programming schedules at the regional level.
- Collecting fees from subscribers and apportioning:
 - 45% to the Exhibition company
 - 55% to the Program company - broken down as follows:
 - 5% overhead
 - 45% for production
 - 5% (to be expanded as gross revenue increases) to a fund for broadcasters in given areas.

BRITISH COLUMBIA TELEVISION BROADCASTING SYSTEM LTD. - No. 62 (Opposes)

Impact

It is most important to guarantee the viability of 3rd Television Service before Pay TV is introduced.

Programming

Pay TV will not be of advantage to performers, to broadcasters, to cable companies and to viewers, if it becomes a collection of second run movies and occasional live sporting events.

U.S. Pay TV and traditional Canadian television schedules offer similar programming.

It is a practical impossibility for a Vancouver viewer to watch more than 10% of the movies presently offered on the 5 Canadian and 5 U.S. channels available via cable.

Ownership

If Pay TV is to be introduced, it should be preceded by extensive regional testing.

Pay TV should be programmed and operated by broadcasters because:

- Broadcasters have developed Canadian television.
- Broadcasters have the facilities to ensure the best social use of production resources.
- Cable's contribution to the Canadian cultural, political and social fabric has been nil. This situation will not be improved simply by raising cable profits.

CHUM LIMITED - No. 68 (Opposes)

Impact

A public hearing is needed to review the Pay TV issue.

There is no public demand for Pay TV.

There will be siphoning, regardless of whatever regulations are introduced.

The introduction of Pay TV could mean the end of conventional television.

SELKIRK HOLDINGS LIMITED - No. 76 (Opposes)

U.S. networks have free access to densely populated parts of Canada.

- Canada is culturally Americanized by cable under government sanction.

- How can a broadcaster cope with Canadian content requirements while competing with the wholesale importation of U.S. programs and standards?

- Out of all of the English language programming carried to cable hours in Calgary in September 1976, 229 hours were Canadian and 431 hours were from the U.S.

- There were 57 hours of movies on Canadian, and 42 hours of movies on U.S. stations in one week. Does Calgary need more films, mostly from the U.S.?

Canada has no lack of performers and facilities, but more money is needed to help production.

International sales will not be sufficient to justify Pay TV.

Repatriation of audiences to Canadian programs on traditional television using Pay TV funds (with mostly U.S. programs) is not a reason to justify Pay TV.

- Canada does not need a larger choice of U.S. programming to further aggravate the present imbalance.

- The American Pay TV model will not meet the three objectives stated by the Minister.

Selkirk has some reservations about the following:

- Pay TV's ability to stimulate Canadian production.

- Canadians' motivation to watch Canadian films on Pay TV when they do not patronize them in theatres.

- Pay TV not competing with traditional television for the same programs.

If Pay TV is to be established it should:

- be carried on cable as a mandatory service. All subscribers should buy it at \$2/ month,

- be all-Canadian

- invest all after-expenses revenue in Canadian productions, subject to precise controls, until Canadian productions are attractive enough to be distributed on a pay-per-program basis, or until they are sufficiently popular to draw revenues which offset their production costs.

L'ASSOCIATION CANADIENNE DE LA RADIO ET DE LA TELEVISION DE LANGUE FRANCAISE
(ACRTF) - No 83 (opposé)

Programmation

La télévision à péage augmentera les prix des longs métrages d'expression française, ce qui augmentera les coûts d'opération, diminuera la qualité de la programmation et réduira l'auditoire des stations de télévision traditionnelle. Il existe déjà une pénurie de longs métrages francophones, même avant l'existence du deuxième réseau privé de télévision.

Impact

La télévision à péage accroîtra la fragmentation, déjà amorcée par le câble, dans les coins les plus reculés. La fragmentation agit aussi sur l'écoute de la radio: les postes MF, devant une réglementation plus exigeante, sen-tiront cette abondance de services radiophoniques et télévisuels. La télévision à péage rendrait la situation plus difficile.

TELE-METROPOLE No. 89 (Opposed)

Programming

Present guidelines and circumstances would create almost insurmountable problems for production of programs and feature films that could stand the pressure of Pay TV. Pay TV would feed itself from existing television formats and production. If rules were changed, it would compromise broadcasting.

Pay TV can exist only on a per-occasion basis, with foreign super-productions not carried by traditional television because Canada cannot supply necessary production for Pay TV. There is contradiction between government's cultural goals and Canadian content with the operational necessities and production requirements of Pay TV.

CKVR-TV - No. 91 (Opposes)

Impact

CKVR-TV cites its experience in fragmentation to justify the position that Pay TV could mean the end of conventional TV.

Since 1955, new Canadian and U.S. stations have fragmented CKVR-TV's audience and revenues.

Negotiations for program purchases have become more difficult because:

- There is a limited supply of feature films
- High prices are paid by CFTO, Global, CBC and CTV
- All stations within CKVR-TV's contour outbid it and insist on lock-out clauses.

Pay TV would aggravate all of these problems.

- It will price products out of reach of traditional television.
- Traditional television would be left with second rate programs which Pay TV will not buy.
- Viewers will be forced to buy programs they previously had free.
- Those viewers without Pay TV would be relegated to second class viewing.
- Viewers' tastes will be exploited by extravagant spectaculairs to justify Pay TV's cost.

Programmation

Pour Télémédia, la production locale de ses stations devient difficile à cause de la fragmentation des auditoires et de la difficulté d'obtenir de la publicité.

Les tenants de la télévision à péage seraient préoccupés par la rentabilité plutôt que du besoin du marché. Si la télévision à péage devait répondre à un besoin et promouvoir la création de productions canadiennes de qualité sans occasionner un transfert de revenus, de talents et d'émissions de la télévision traditionnelle, Télémédia participerait dans la mesure de ses moyens. Mais elle est sceptique sur un tel besoin et ses effets.

Impact

Il faudrait tenir compte de l'impact additionnel de fragmentation d'auditoire avant d'introduire la télévision à péage au Canada et plus particulièrement dans les marchés secondaires.

ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY - No. 98 (Opposes)

- To be viable Pay TV would use predominantly foreign programming.
- Canadian broadcasting has difficulties in meeting Canadian programming quotas.
- Pay TV would have an adverse effect on the quantity and quality of Canadian programming. It would force a modification to the Canadian content regulations.
- Since OECA supports the regulations, it is opposed to Pay TV.
- Pay TV must be considered in the broader context of the resources needed for a comprehensive communications system.
- The social, cultural and educational impact of Pay TV must be understood.
- More research is needed in Pay TV technology and software so as to determine how the service is to function. OECA, through its mandate, could contribute to this research.

PRODUCTION INDUSTRY

RAINBOW FILM CORPORATION LIMITED - No. 1

Impact

Pay TV would help the animation industry crack the television market.

SOCIETY OF FILM MAKERS - No. 7 (Opposes)

Economics

Delay Pay TV's introduction until sufficient Canadian product is available to service it.

Government money, to support an independent Canadian film production, should come from the C.B.C.'s budget. A tax or fee should be levied on television viewers plus a tax on films to provide this extra funding.

Pay TV should be recognized as a completely Canadian service and the majority of prime programs should be Canadian.

Ownership

The Pay TV program agency should be operated by a private Canadian corporation established for the purpose. It should replace the C.F.D.C.

Programming

The introduction of Pay TV must coincide with strengthened Canadian programming and should be delayed or denied until Canadian entertainment is of sufficient quality and quantity to draw substantial audiences.

The Society of Film Makers has little faith in:

- The C.B.C.: It has done little to assist the private producer and it lacks the initiative to evolve innovative programming.
- Private investors: They have shown little interest in preserving national aspirations, unless prodded by the CRTC.
- The Cable Industry: They have exploited the public with canned and dumped programming for which the public is willing to pay up to \$15/month.
- The C.F.D.C.

Pay TV will bring distasteful motion pictures and taxation, in lieu of censorship, should be used to discourage malicious or violent films.

Pay TV's development should be paced to the growth of Canadian production capacity.

Films should be released to appear in a precise sequence: in theatres, on Pay TV, then on traditional television.

PETER PEARSON - No. 9 (Opposes)

Pay TV should be offered on a pay-per-program basis. It should have a 100% Canadian content.

WEST KOOTENAY FILM PRODUCTIONS - No. 12 (Opposes)

The society does not believe that a private monopoly or the C.B.C. should control Pay TV.

The cable companies, C.T.V. and C.B.C. have never seriously considered Canadian culture.

The C.B.C. does not presently carry 50% Canadian content during prime time periods.

A private monopoly:

- would be controlled by Toronto and Montreal
- would distribute U.S. garbage "made in Canada".

Cable companies have always rejected Canadian content, particularly from the West.

The society proposes a public Pay TV corporation having regional autonomy in programming which would use small Canadian independent producers on contract at one third the present costs of acquiring programs from the N.F.B., C.B.C. and C.T.V.

Before setting up a Pay TV organization the C.B.C. should be overhauled so as to establish programming autonomy in C.B.C. Regional Offices. The CBC should reduce by 90% its present U.S. program content so as to achieve an 80% Canadian content level.

PROJECTIONS PRODUCTIONS LTD. - No. 21 (Opposes)

Ownership

A three tiered system of ownership is proposed with a non-profit network as the middle-man between the producers and the cable operators.

The network would buy all programming. Program purchases would be acquired by using the same system which is presently being used to acquire traditional television programs.

A Canadian content level would be imposed on Pay TV as follows:

- 25% at the outset
- rising eventually to 50%.

A percentage of gross Pay TV revenues would go to Canadian programming.

The initial start up funds would be obtained by a government loan repayable in two years.

Although Canadian programs may not reach their full potential on Pay TV alone nevertheless producers should be able to break even or make a modest profit.

Programming to be financed as follows:

- The Pay TV organization would advance 50% to 75% of costs. The producer would then be committed to raise the remaining 50% or 25% in the private sector.
- Once on Pay TV, a pro-rated revenue would be established for the program depending on whether a pay-per-program or a pay-per-channel system is used.

MOTION PICTURE THEATRE ASSOCIATIONS OF CANADA - No. 26 (Opposes)

If Pay TV must be introduced, it should start with a limited test area. The results should be carefully analyzed before widespread implementation is undertaken.

Economics

Economic losses could destroy the present motion picture exhibitors.

Programming

There is not enough product (Quality Films) for both Pay TV and the

TEL-PRO ENTERTAINMENTS - No. 34 (Supports)

We have a chance to become leaders, not followers, if we act now to improve production through the use of Pay TV. We must learn from other countries.

Pay TV should be introduced immediately on a national basis, and should be:

- owned by broadcasters and cable operators
- programmed by creative people.

The production of feature films should be assisted by imposing levies of 5% on theatre box office receipts, 15% on Pay TV revenues and 3% on cable revenues.

Initially Pay TV will be an outlet for feature films because a supply is already available. Later, Pay TV should favour electronic productions.

Siphoning is not a real concern because:

- Pay TV will have fewer programs and these will be repeated.
- Viewers will first check to see what is available on traditional television, and will then make their plans to watch Pay TV during arid viewing periods on traditional television.
- Pay TV will use commercial programming but this will be chosen to serve specific audiences.
- Traditional television programs are for the 51% of viewers who want drivel. Pay TV will program for the other 49% who want more discerning programs.

Canada does not have enough talent to produce enough production for Pay TV without the help of foreign resources. Viewers won't want 100% Canadian content.

Pay TV should be able to sell programs internationally faster and better than traditional television particularly if television screens become bigger and there is improved sound reproduction.

In the new environment created by Pay TV:

- C.T.V. and Global should serve the advertisers.
- C.B.C., after a re-organization and with an increased budget for production, should concentrate on information programming.
- Pay TV and motion picture theatres should underwrite major productions with million dollar budgets.

The extra funds that Pay TV would generate should be directed to the private sector to enhance production. The private sector can operate more efficiently than the C.B.C. or the N.F.B.

ASSOCIATION OF TELEVISION PRODUCERS AND DIRECTORS (TORONTO) - No. 36

Pay TV will have a radical effect on the use of Canadian talent and on the development of Canadian program production and distribution.

The Association would like to appear at a public hearing to present its views.

Radio and television have been dominated by U.S. programming from the outset.

The present media owners do not favour Canadian production and regulations will not change their minds. We cannot afford to wait any longer for changes to occur in the present system.

Pay TV represents an opportunity to design a major new medium to our specifications.

Independent producers see Pay TV as a concept which will give them a chance to show their productions to Canadians for their approval or rejection but a pay-per-channel system is not favoured because:

- It will be an extension of existing television services.
- It will result in more mass appeal or "Lowest common denominator" programming.

A pay-per-program system is favoured because:

- It will provide a marketplace for independent producers permitting them to sell their programs directly to an audience.
- It will allow an immediate identification of successful programs and will eliminate those without high audience interest.
- It will allow flexibility because the ticket price can vary according to the program's appeal.
- It will provide an outlet for educational, ethnic and minority programs.
- 100% Canadian programming should be feasible with a pay-per-program system.

Pay TV should not be just another outlet for foreign entertainment. Canadian features should be repeated so as to provide extended runs. If there is nothing else to offer at any point in time, the screen should be allowed to go black.

Ownership

A Pay TV agency should be established responsible only for programs and entirely Canadian owned and profit oriented.

It should be a federally chartered and licensed monopoly.

Les Productions Mutuelles no 43

Programmation

- Les longs métrages sera la source première de programmation.
- Ils seront principalement de provenance étrangère (U.S. et France).
- Un quota de contenu canadien sera nécessaire.
- La télévision à péage n'éliminera pas les autres formes de télévision.
- La télévision à péage pourrait permettre la production de 25 longs métrages par année.
- Il devrait y avoir un minimum de 7 heures de programmation par jour, incluant les reprises.

Technique

Utilisation du câble, du satellite et des stations UHF

Propriété

Gouvernement (51%), câble, radio-diffuseur, producteurs indépendants et distributeurs de film (49%).

L'agence ne possèdera pas de moyens de production ni de diffusion.

Technical

Pay-per-program is more desirable because it allows revenue returns to reflect the merit of individual programs.

In introducing Pay TV it is important to avoid the duplication of existing hardware.

3/4" video cassettes would be used in the program origination system and to bicycle programs between systems.

Hardware is already available for pay-per-program systems such as SMART taps, etc.

Programming

Pay TV is a method of delivering high-quality high appeal programs, feature films and popular cultural and sports events.

Independent producers see Pay TV as an opportunity to:

- directly access the domestic market and, through it, the international market,
- break the low-budget stranglehold which presently dominates independently contracted Canadian productions.
- develop new program ideas.

Audiences will not accept and producers will not be able to provide enough program material to achieve 100% Canadian content. Canadian productions should compete with foreign programs on the same terms.

The Directors' Guild offers "The Happiness For Everyone" proposal. This would involve the provision of

- 2 Pay TV channels.
- 4 programs each night of the week in prime time. There would be 12 original programs each month and each program would get 8 exposures leaving 4 open days for specials.
- Each program would cost \$3 to view. With an estimated 12 million viewing tickets the revenue would be \$36 million which would be shared 50-50 between the cable companies and the producers (equal risks = equal returns).
- All programs would be advertised on a preview channel.
- The audience would select in advance particular programs it wished to see.
- The 12 most popular programs would be inserted in the next month's schedule.

This would protect the cable companies from the adverse viewer reaction which would result from showing unwanted programs.

The use of a high percentage of foreign production will be beneficial to the Canadian producers because:

- It will make Pay TV feasible and desirable.
- Canadian programs will have to compete and find their way in the market-place.
- There would be a 10% levy on foreign programs which would be added to the producer's share of the revenue obtained from the exhibition of the program.

"Happiness for Everyone" works for:

- The cable industry relieving it of the need to be involved in program production and guaranteeing it an audience for Pay TV.

- The broadcasters:
 - siphoning is not a concern because Pay TV would use programs not normally seen on traditional television.
 - fragmentation is not a concern because people would not watch Pay TV more than once a week.
 - Pay TV programs would be available to traditional television which would help broadcasters meet their Canadian content requirements.
 - the CBC could be relieved of the onus of being everything to everyone and could concentrate on less commercial programs.
- The producers:
 - Pay TV would give access to unlimited markets, and give them a competitive advantage in international markets.
- The artists:
 - more opportunities in Canada.
 - a regular showcase.
 - a chance to evolve a "star system".
- The Canadian government:
 - Pay TV would respond to the political needs for regional programming.
 - it will reduce the need for government subsidies.
 - it can better reflect the audience's cultural preferences.
- The Canadian audience:
 - it will provide first class entertainment.
 - a wider variety of programs.
 - the opportunity to see big-budget high-quality Canadian programs which would otherwise not be possible.

Ownership

A Pay TV agency should be privately owned. The government should act as an ombudsman.

- Pay TV must not be a source of effortless profit for hardware interests nor should it provide an endless exposure to immature producers.
- Cable companies want subscription programming and full control of programming. This is a ploy to consolidate their monopoly and to ensure maximum profits.
- Broadcasters propose to use Pay TV revenue for their own productions yet they would use revenue to their productions. This revenue would be used to increase profits. These same broadcasters made program promises on applying for a licence and, for 15 years have complained that they are unable to fulfill their program promises.
- History must not repeat itself. If broadcasters control Pay TV, the opportunity will be lost.

Programmation

La télévision à péage n'est pas le prolongement de la programmation de la télévision traditionnelle mais plutôt un prolongement de la distribution cinématographique. Elle ne s'intéresse pas aux séries télévisées, aux émissions de variété et aux lignes ouvertes. Etant donné un système basé sur l'abonnement mensuel, il faudra qu'il y ait eu présentation des films d'abord dans les salles de cinéma. Les abonnés seront attirés par des films dont ils ont entendu parler plutôt que par des réalisations qu'ils ne connaissent pas. Il y aura aussi présentation d'événements spéciaux.

La programmation comprendra de longs métrages (ici, le mémoire trace quelques lignes sur le financement de la production sans en faire de lien avec la télévision à péage) et des événements spéciaux qui ne sont pas diffusés à la télévision traditionnelle. Il existe un marché pour une foule d'activités comme le Stampede de Calgary, les festivals Shaw et Stratford, le festival de musique western des provinces atlantiques et la troupe de ballet de Winnipeg. Des sommes aux producteurs de ces événements assureront la viabilité de leurs œuvres et contribueront à rehausser la fierté culturelle. ABP rappelle que le gouvernement accorde des octrois aux réalisateurs de longs métrages et d'événements.

Les gestionnaires devront connaître les aspects de l'acquisition de produits, les frais de production et la réalisation de longs métrages. Ils décideront comment investir dans les productions canadiennes, posant un choix sur la rentabilité internationale. Ils analyseront tous les aspects d'un projet cinématographique soumis par un producteur indépendant. Ils s'intéresseront aux aspects financiers des longs métrages canadiens. Ils évalueront tout projet anglophone et francophone. La télévision à péage devra présenter des films en français et en anglais.

ABP est d'accord pour que la télévision à péage investisse un pourcentage de ses recettes dans la production de longs métrages et d'événements canadiens. Quinze pour cent (15%) est raisonnable. Mais la télévision à péage ne doit pas être le seul investisseur. Il faut la participation de la distribution cinématographique voyant à ce que les productions soient rentables. La télévision à péage agirait simplement comme une autre source de financement de longs métrages.

Même s'il était préférable que seuls les longs métrages canadiens soient présentés, la télévision à péage doit offrir un produit gagnant la faveur du public par sa réussite financière. Le pourcentage de contenu canadien s'accroîtrait au fur et à mesure que des films canadiens seraient disponibles. Ainsi, le long métrage canadien aura un actif financier appréciable.

La télévision à péage est le progrès le plus manifeste dans le divertissement canadien depuis dix ans. Elle favorisera d'innombrables occasions pour une excellente programmation de télévision et un succès accru des longs métrages canadiens. ABP offre ses ressources pour participer à la télévision à péage.

Technique

ABP suggère l'utilisation du câble.

Economie

Le corps réglementaire chargé de l'émission des licences devrait déterminer les mensualités chargées aux abonnés. ABP affirme qu'il lui est impossible d'avancer la moindre donnée quant à la capitalisation nécessaire.

Propriété

Sans indiquer clairement qui devrait former l'agence de télévision à péage, ABP laisse entendre que cela devrait être une entreprise publique.

Programmation

L'accès du producteur indépendant à la distribution en salle passe par le chas des compagnies étrangères et à la télévision par le chas des réseaux. Ces derniers ont leurs moyens de production. Ils offrent pour les produits canadiens les mêmes prix de dumping que pour les produits étrangers et ils méprisent la production qui ne dépend pas d'eux. Si la télévision à péage empiérait cette situation, la vitalité de notre cinéma pourrait encaisser un coup meurtrier.

Plutôt qu'un contingentement ou un prélevement sur les recettes qui serait remis à la production, il faudrait une formule nouvelle pour que la télévision à péage puisse se développer et répondre à la spécificité de la production pour le marché canadien et québécois.

Acun prélevement et aucun contingentement ne favoriseront les producteurs si la télévision à péage est calquée sur le modèle américain, i.e. une programmation de longs métrages et de sports. Le système canadien ne pourra jamais suffire à la demande de films, on aura une majorité de produits étrangers et on n'encouragera pas la production nationale à définir de nouvelles frontières, de nouveaux concepts de production pouvant ouvrir les marchés étrangers.

La recommandation de la SDICC pour le contingentement pour les films canadiens et le prélevement sur les recettes, si elle était appliquée, devrait s'appliquer aussi à la télévision traditionnelle qui néglige le long métrage canadien et qui contribue à implanter le cinéma étranger.

Technique

On devrait dépenser le minimum pour la technique (il est suggéré d'utiliser le câble) afin que la plus grande partie des revenus soit retournée à la production.

Propriété

Les producteurs devraient avoir une place prépondérante au sein d'une agence mixte (industrie privée-état) qui administrerait la télévision à péage. L'ONF, Radio-Canada et la SDICC devraient être exclus du contrôle de cette agence.

COUNCIL OF CANADIAN FILMMAKERS - No. 77

The DOC reversal of the original CRTC policy on Pay TV (December 1975) is a result of forces external to the needs of Canadian audiences and the production industry.

- Pay TV has no appeal or benefit to the public and to program producers.

Programming

If Pay TV functions as a U.S. movie channel, it will cause major cultural erosion:

- 15% of anything to support production will not compensate for the damage Pay TV will cause to the existing **system**.

Pay TV should be postponed until the present problems in the motion picture industry, broadcasting and cable are solved.

- All the models for Pay TV so far presented have the potential to compound our present ills.

Pay TV must:

- increase the opportunities for groups and individuals who can contribute to Canadian program production and who are presently denied access to television because of its vertically-integrated structure, and because of its concentration on mass-audience programming.

- increase the variety of programming, including minority interest programming.

- avoid the lowest common denominator programming of commercial television, including that of the CBC.

- create and disseminate Canadian production (television is under-financed). It is a disgrace that Canada has produced so little.

- avoid the cultural alienation of broadcasting due to its overwhelming dependence on foreign production.

- repatriate Canadian television.

Problems:

- The existing production base and the present backlog of Canadian productions is not able to meet U.S. competition.

- Pay TV technology is not ready for large scale use.

- Pay TV may not survive the competition which will eventually develop from videodiscs, wall television screens.

- The continuing heavy Canadian investment in hardware, i.e. satellite and cable which is primarily being used to deliver U.S. programs and second-rate Canadian programs.

Pay TV must minimize the investment in technology in favour of programming.

Assuming 3,000,000 subscribers at \$3 per month the revenue generated would be \$108,000,000 (say \$100,000,000). 30% of this revenue would be spent on foreign and Canadian program purchases, considering the following need:

45% of revenues would go to Canadian production:

- 30% to feature films, in conjunction with the CFDC.

- Investment for each film would be recouped only when the film makers

make a profit. The objectives would be 26 feature films per year.

- 15% of revenues to non-feature film programming, incl. co-productions with traditional television broadcasters.

Canadian content requirements would be established as follows:

- At least 60%.
- Prime time 80%.
- Objective: 80% overall.
- 15% limit on programming from any one country

Pay-per-program by cable and by off-air systems would be introduced after five years, if the Canadian production industry is fully functional with programs for Pay TV.

The benefits of the Pay TV proposal:

- Uses other than Canadian existing technology.
- Provides a financial base and a guaranteed market to aid the development of viable productions.
- It reduces the demand for U.S. programming.
- It provides a diverse broadcasting alternative with a high Canadian content.
- It will reduce attendance in foreign commercial theatres (with revenues going out of the country) in favour of Pay TV (with revenues going to Canadian productions).
- It will reverse a present trend of importing rather than exporting talent.
- It will establish a temporary hothouse environment for Canadian production by a massive infusion of funds.
- It will develop the needed expertise and material for the eventual introduction of a pay-per-program system.

Ownership

A crown corporation to be called "The Canadian Pay Television Network" would develop, acquire, promote and distribute programming.

- The corporation would not undertake in-house production.
- The corporation would consist of two language groups, similar to CBC/Radio Canada.
- There would be regional offices in Toronto, Vancouver, Montreal and perhaps in Halifax and Winnipeg.
- The corporation would invest in programming from any Canadian source, including CFDC.
- Preference would be given to private production.
- The NFB could be included.

The Council feels that its proposed model will develop:

- An audience preference for good Canadian productions of equal or superior quality to foreign productions.
- A strong, rich, experienced production industry with chances of successfully competing for audiences with U.S. programs.

Pay TV can provide a new impetus to Canadian production, without commercial or other interruptions, and with programs of sufficient interest to be marketable and financially sound.

Programmation

Le mémoire brosse d'abord un tableau du cinéma canadien face aux monopoles étrangers et ce qu'on croit être l'inertie des gouvernements, du rôle du réseau français de Radio-Canada, qui s'est ouvert timidement au cinéma québécois au sein d'une programmation "à culturee" et du réseau anglais qui n'a rien fait. La télévision à péage accentuerait le fractionnement et l'anarchie du cinéma canadien et québécois. En accélérant l'industrialisation de la culture, de la communication et du divertissement sans avoir fait table rase de la main mise étrangère et du type de fonctionnement identique des concurrents locaux, elle confirmerait la prédominance de l'industrialisation sur la culture.

Si l'allocution de Madame Sauvé contient plusieurs déclarations de principes indiquant que la situation actuelle devrait être radicalement transformée, allocution considérée par Monsieur Boyle comme "a national policy of cultural security", le débat sur la télévision à péage porte malheureusement sur des problèmes d'investissement et de bénéfices. M. Hugh Faulkner, ex-secrétaire d'Etat, affirmait que le problème est d'arriver à ceux qui créent et ceux qui profitent des créations, afin qu'ils reçoivent leur part. On déplore une idéologie de production et de rentabilité qui détermine la fabrication de ce que la SDICC appelle des films canadiens d'une qualité supérieure et la tendance générale à considérer la télévision à péage comme une machine à profit même si elle était exclusivement canadienne. On craint, pour la télévision à péage, le profond mépris des hommes d'argent à l'égard du public et l'inertie du gouvernement permettant tacitement ou indifféremment à ceux-ci de tripoter la société. On craint que les normes de rentabilité de la télévision à péage fassent passer la distribution des émissions canadiennes sur le marché international avant les objectifs d'économie culturelle. Pour l'ARFQ, la télévision à péage doit être retardée jusqu'à ce qu'un remaniement global de la politique cinématographique soit complété.

Notes:

Pour l'ARFQ, l'industrie culturelle, c'est l'économie du commerce (rentabilité à court terme, investissement-profit-immédiat, faisant fi des valeurs socio-culturelles) et l'économie de la culture (liens entre les racines socio-culturelles d'une société et création-production de ses représentations multiples en films, livres, émissions, art). En dernier lieu, le CRTC pourrait profiter du dossier de la télévision à péage pour ouvrir celui des droits d'auteur car les créateurs du cinéma en ont aucun.

CINEO PRODUCTIONS - No. 80 - (Opposes)

To be feasible, Pay TV will need to have programming which is competitive to traditional television with the following results:

- Pay TV will either outbid traditional television for programs or will buy better first-run programs.
- Traditional television will attempt to protect itself from siphoning at any cost.

Hypothesis: If 60% of gross revenues is assumed to be available for programming, i.e. \$24 million then this is less than the CBC's * talent budget of \$31.7 million for 1973 *(excluding studio and production costs)

If 75% of this programming budget of \$24 million was used to purchase foreign prime-time programming and 25% of the budget i.e. \$6 million was used to buy non prime-time domestic programs the result would be that the \$6 million would finance only a few second-rate Canadian programs.

The consequence would be that cable would lament the low-quality of these programs and would then import U.S. programs. Cheap productions of the type currently seen on cable would likely be used to provide Canadian Content.

Conclusions: Pay TV will provide little benefit to Canadian producers, it will have a negative effect on Canadian production, it will drain funds and programming from traditional television.

Programmation

Les distributeurs indépendants sont une source de financement pour le long métrage canadien, soit \$9,211,366. au cours des dernières années, dont une partie seulement a été récupérée. Les "majors" n'ont jusqu'à ce jour à peu près pas investi dans la production canadienne. Lorsque la SDICC a débuté, les francophones ont fait le premier boom, grâce aux indépendants. Or, les "majors" commencent leur contre-attaque pour reprendre le marché francophone perdu en 1969. Pour que les indépendants puissent survivre, car sans eux il n'y aurait pas de cinéma canadien, une réglementation du gouvernement canadien ferait qu'un film, un téléfilm, une série télévisée, etc., produits jusqu'à ce jour à l'extérieur du Canada, devraient être acquis par le réseau de télévision à péage par le biais d'un distributeur canadien "indépendant".

Technique

Le réseau de télévision à péage devait utiliser le câble pour rejoindre ses abonnés.

Propriété

Les grands réseaux de télévision traditionnelle devraient être exclus de l'agence de télévision à péage.

Les modes d'implantation devraient être les mêmes à travers tout le pays. Certaines nuances pourraient refléter la situation francophone.

CANADIAN MOTION PICTURES PRODUCERS - No. 90

Impact

Pay TV can be the "Springboard" for Canadian Film Production

Technical

While the existing cable distribution system will be used in the beginning, the Pay TV system must be able to accommodate technological advances.

Economics

As much Pay TV revenue as possible should be allocated to assist Canadian production.

Ownership

Should be profit-motivated private sector ownership, in order to fully exploit all potentials, and to move quickly to satisfy changing demands by the audience.

Programming

Canadian production is resilient, diverse and capable of producing sufficient film for the public's voracious appetite ... and for Pay TV.

100% Canadian Content is not desirable because:

- The public will not accept it.

The resulting productions would be parochial and insular.

To CAMPP, Canadian content means dollars, not hours.

Pay TV should help Canadian producers first.

- Foreign producers will sell their products to Canadian Pay TV the way we sell abroad: i.e., without profit, in order to gain exposure, then by increasing the price as popularity grows.

D. SMITH (METCHOSIM FARM) & D. PERLMUTTER, JOHN TRENT (QUADRANT FILMS LTD.) - No. 97

Impact

Pay TV has the potential to provide substantial support to the Canadian production industry.

Technical

Delivery should be effected through cable TV systems.

Ownership

Should be a National private network which would take regional and local concerns into account, as well as language problems. Persons or companies in a potential conflict of interest situation would be excluded (those who have production facilities; over-the-air broadcasters, etc.).

Economics

There would be fixed profits based on the total operation.

All other revenues would be made available to the Canadian production industry.

The Pay TV operator would negotiate the best terms possible for product, in order to maximize this return on the total business.

Revenues on Foreign products would in effect be used to assist Canadian producers who would be free to sell their product on the open market.

Programming

Money allocated to Canadian Content would be invested in the actual production process, rather than simply buying finished product, and this would be allocated to independent producers. These producers could then market their products on the open market to the best of their abilities.

TORONTO MOTION PICTURE PROJECTIONIST - No. 99

Will Pay TV be controlled by government cable or individuals? How will production be affected? How will funds be raised for new films and live productions? How will quality of programming be controlled? Will provincial censor boards have jurisdiction? Pay TV should not be licensed to cable since its role is programming distribution and not quality of production and promotion.

CANADIAN FILM DEVELOPMENT CORPORATION - No. 100

Impact

Feel that the CFDC is the logical organization to handle the re-distribution of funds for Canadian film production.

Programming

A minimum percentage of gross Pay TV revenue must be returned to Canadian production. The CFDC, with small changes in its charter, could handle this function. French and English services must be offered. A levy on gross receipts from foreign films for both theatrical and Pay TV release may be necessary to generate the necessary funds.

COMMON CARRIERS, HARDWARE INDUSTRY

BASIL G. MYKYTIUK (MEDIATRONICS INTERNATIONAL LTD.) - No. 5
(Supports)

Technical

The Canadian equipment manufacturers should be considered as well as the film producers.

His company has ability and proven hardware prototypes for Pay TV.

Wants Department of Communications to provide development funds in order that Canadian hardware may be made available for Pay TV.

ELECTROHOME - No. 35

Technical

Pay TV hardware should be Canadian if at all possible.

A scrambled signal distributed over-air and by cable is the preferred method of delivery for Pay TV.

PUBLIC AFFAIRS INTERNATIONAL - WESTERN CODED TELEVISION - No. 40 (Supports)

Technical

Must be available to a maximum number of Canadians, i.e. the limits of the present broadcasting system, or it will further contribute to urban-rural inequalities.

Must provide some form of pay-per-program delivery so that the consumer may recognize this as "premiere entertainment".

Must be available independently of the basic cable service.

This is a new service, not an extension to an existing service, and could develop without cable and broadcast involvement.

Broadcasters should be compensated for measured losses.

Economics

The CRTC licensed exhibitor would retain 45% of revenues to cover his distribution costs and return 55% to the distribution company.

The two licensed distributors, French and English, would supply programs to one or two licensed exhibitors per market, depending on the language requirements.

Programming

Producers should have guaranteed access to the marketplace through Pay TV. Canadian content should reach 50%, and include locally produced programming to meet regional needs.

COMMON CARRIERS, HARDWARE INDUSTRY

LINDSAY SPECIALTY PRODUCTS LIMITED - No. 42

Impact

Pay TV policies should require the use of Canadian manufactured hardware.

A 30% surtax on imported equipment should fund the research and development of Canadian equipment.

CN-CP - AGRA - No. 45 (SUPPORTS)

Technical

CNCP - Agra feels that Pay TV signal delivery should be via satellite and that they are most capable of providing this service, plus any additional terrestrial microwave.

They see three distinct organizations, the program packager, the signal transporter, and the local distributor.

The local distributor who may be a cable operator, a broadcaster, or both in different markets, would handle the hardware and direct customer relations such as promotion, sales and billing.

The middle-man or signal transporter could function as follows:

- Bicycle tapes to get the system started
- As the size of the system builds and funds are available, move to satellite delivery

TRANS-CANADA TELEPHONE SYSTEM - No. 53 (Supports)

Technical

Satellite and microwave would be used as the national distribution system for Pay TV.

Programs would be distributed from one or more licensed program agencies to regional Earth stations.

These stations would re-transmit programs according to regional requirements, i.e. time zones, repeats.

Eventual conversion of equipment would permit programs to be supplied directly to the point of distribution, i.e. downtown head end.

This would allow the shared use of facilities for other telecommunications functions.

Billing would be via set-top storage/control box, addressed over the local telephone network during the night-time low-usage hours.

Money generated via Pay TV will create a sophisticated distribution system which could allow new types of specialty programming to develop, i.e. coverage of parliamentary proceedings, news, education, etc. It would also permit control of the entry of U.S. signals for cable distribution.

COMMON CARRIERS, HARDWARE INDUSTRY

BELL CANADA - No. 55 (SUPPORTS)

Technical

The Bell system could be used to implement a pay-per-program system, whether it be distributed by cable or over-the-air.

Bell suggests the shared use of existing facilities to fully utilize Bell's position of "Carrier", and to benefit from their extensive research and development capability.

Bell recommends a Telco developed control and information storage unit at the TV receiver. This unit would be addressed over the telephone system during idle hours and would feed information to a computer for billing. The set-top unit would have a multi-channel facility.

The Pay TV channel could be scrambled for security.

A "Barker" channel could be provided to stimulate impulse buying.

The unit has considerable feedback-marketing potential, i.e., it can identify individual programs being viewed.

This system eliminates the need for a costly 2-way cable plant.

UTILITIES AND TELEPHONES - No. 81

The Minister of Utilities and Telephones for the Province of Alberta feels that Pay TV is a matter for the Provincial Government.



ORGANIZATIONS, COMPANIES, CONSULTANTS

CONTINUING COMMITTEE ON RACE RELATIONS - No. 4

Programming

Some of Pay TV's revenues should be used to support community programming.

WEST KOOTENAY CABLEVISION SOCIETY - No. 8 (Opposes)

Proposes a public corporation with regional stations obtaining programs from a national network, or directly from whichever independent producer has the product they want to show.

CANADIAN CONFERENCE OF THE ARTS - No. 10 (Opposes)

Must guarantee access to Pay TV for Canadian producers. Must arrest the present decline in quality and quantity of Canadian productions.

There has not been enough time given to the Pay TV issue to properly assess its impact.

CANADIAN FOOTBALL LEAGUE - No. 11 (Supports)

Programming

Pay TV should be allowed to compete with existing broadcasters for programs.

Only football games not shown by the broadcasters should be allowed on Pay TV.

Ownership

This could follow the private network operator, cable system operator scheme already set up in the U.S.

THE NDWT COMPANY - No. 13 (Opposes)

Technical

Must incorporate "over-the-air" features.

Must be pay-per-program.

Ownership

Any Pay TV system must be independent of distributors and exhibitors.

ALBERTA THEATRE PROJECTS - No. 14 (Opposed)

They are concerned about effects of introducing Pay TV at this time.

The present broadcasting system is inadequate - why dilute it further?

CANADIAN PUPPET FESTIVALS - No. 20 (Opposes)

Pay TV should be limited to Canadian production. We should use this chance to break the American domination of our film industry, and to strengthen the Canadian production industry. We don't need more U.S. influence in our broadcasting system.

THE CORPS OF CANADIAN (OVERSEAS) FIRE FIGHTERS - No. 23 (Opposes)

Impact

Concern is expressed over the potential loss of existing programs.

CANADIAN AUTHOR'S ASSOCIATION - No. 24 (Opposes)

They emphasize the importance of recognizing regional needs.

OFFICE DES COMMUNICATIONS SOCIALES - No. 25

Programmation

Le danger de transvasement est inévitable.

Il faudrait une législation et des consultations pour que la télévision à péage diffuse ce dont le public a besoin.

L'objectif de qualité des émissions, se trouve déjà dans le mandat de Radio Canada et des stations privées.

Il faudrait porter attention au développement vidéo-disque.

Il est plus important d'implanter la télévision à péage individualisée.

Propriété

Trois hypothèses:

-L'agence serait confiée à l'industrie du câble

-L'agence serait un organisme mixte: gouvernement provincial - industrie du câble.

-L'agence serait formée de nouveaux investigateurs.

Juridiction

La télévision à péage devrait être du juridiction provinciale.

CANADIAN CONFERENCE OF THE ARTS - No. 29 (Supports)

The development of Pay TV must have the sole purpose of developing Canadian film, broadcasting and the creative arts.

The schedule for Pay TV's introduction is much too fast. The planning must include public hearings and discussions.

CONSUMERS' ASSOCIATION OF CANADA - No. 30 (Opposes)

Impact

Pay TV could destroy the present broadcasting system.

Economics

The possible availability of \$13 million per annum for Canadian production (15% of projected gross revenues) cannot possibly justify a sell-out to the massive importation of foreign films on Pay TV.

Technical

Could be implemented by using a combination of the existing common carrier/cable system facilities for approximately 15% of gross receipts, leaving 85% of revenue for product, mainly Canadian.

Ownership

A non-government body, responsible for Pay TV, should be established to operate it on behalf of the public interest.

CANADIAN LABOUR CONGRESS - No. 31 (Opposes)

What's the rush? Public hearings must be held to fully investigate the matter.

Pay TV should be distributed by a common carrier who has no control over content. The common carrier could also be the collection agency.

Economics

Pay-per-program is the most desirable method of distribution.

INTERCHURCH TELEVISION (B.C.) - No. 48 (Opposes)

They are concerned over the possible loss of existing services. They would support an incremental percentage of Canadian programs on Pay TV. Films must be rated so that parents have a guide to the content.

BMI CANADA LIMITED - No. 50 (Supports)

Pay TV will provide new opportunities to Canadian performers.

CANADIAN BROADCASTING LEAGUE - No. 52 (Opposes)

Impact

There does not appear to be a necessity for Pay TV at this time. The financial contribution to Canadian program production is modest particularly when compared with the relatively high fees subscribers will be asked to pay.

Pay TV, by increasing the flow of American programs will add to the present problems faced by Canadian networks and stations. Pay TV is contrary to the principle that all of the public should have equal right to hear and see broadcast programs.

Technical

There should be a national distribution using satellite and microwave.

The Pay TV channel should be required carriage by cable operators.

There should be over-the-air distribution in non-cabled areas.

Local cable companies would handle customer liaison, billing, etc., for a set fee.

A Pay TV "test-bed" should be established to overcome problems and analyze Pay TV's impact.

A proposed working model has been included with the brief.

Ownership

An independent public agency should be established to administer all facets of Pay TV, from buying or commissioning of programs, to leasing the distribution system (cable or over-the-air) including the ownership of all hardware. Neither cable nor broadcasting interests should be allowed to hold a significant percentage of shares in the agency.

Economics

Profits should be limited to 10%; all other "excess" revenue should be invested in Canadian production, both for Pay TV and "free" television.

Programming

Pay TV is Box Office TV. It should be in both official languages and must be pay-per-program. Must find additional funds for Canadian production, possibly a tax on regular cable subscriptions. Pay TV should have a 50% Canadian content by the end of year 5.

ASDA COMMUNICATIONS - Nos. 61 and 65

Pay TV must only be used as a stepping stone towards future communications formats.

JOINT BROADCAST COMMITTEE - No. 63 (Opposes)

Impact

Allowing restricted commercial activity on Pay TV could generate substantial financial benefits.

Canadian customers, because of presently available choices, will be reluctant to buy a subscription to Pay TV.

Economics

Advertising could contribute significantly to the availability of high quality programs for all interests.

ORGANIZATION OF SASKATCHEWAN ARTS COUNCILS - No. 67 (Opposes)

Pay TV should be delayed until a proper assessment of probable results can be made.

CANADIAN ASSOCIATION FOR ADULT EDUCATION - No. 70 (Opposes)

The impact of Pay TV on educational and cultural policies must be fully analyzed.

Pay-per-program could recognize and address adult educational needs.

Input by Educational and Non-Profit groups must be guaranteed.

THE WRITERS' FEDERATION OF NOVA SCOTIA - No. 72 (Opposes)

They are concerned regarding Pay TV's effects on the arts in Canada.

More study must be done regarding its potential impact.

If introduced Pay TV must aid regional production which is essential to Canadian cultural growth and health.

CANADIAN ACTORS' EQUITY ASSOCIATION - No. 73

Pay TV must only be implemented after a public hearing to study its effects.

There must be anti-siphoning regulations which take into account the imported programs and their impact on existing live theatre.

INTER-CHURCH COMMUNICATIONS - No. 74

We must fully realize the potential damage which will be caused by the introduction of the U.S. style Pay TV, and have the courage to say "No" until it can meet the objectives laid down by the Minister.

There must be a public hearing to review the matter thoroughly.

I. SWITZER - No. 96

Supports an exhaustive (and possible exhausting) CRTC public hearing before any hard decisions are made.

BOOK AND PERIODICAL DEVELOPMENT COUNCIL - No. 101

Pay TV should encourage domestic production at the national and regional levels. It could provide tremendous benefits to Canadian authors.

The process of considering Pay TV must be slowed down so that a full consideration of all the various alternatives can take place.

CANADIAN MUSIC COUNCIL - No. 103

Impact

Without proper studies, Pay TV could effect a "selling-out" to American interests.

Pay TV must benefit the Canadian performing and creative talents.

CANADIAN GUILD OF POTTERS - No. 104

We must slow down the implementation of Pay TV, so as to allow adequate time for alternatives to germinate and to be evaluated.



PRIVATE INDIVIDUALS

GARY BINSTED - No. 2

Ownership

There should be a consortium of private and public television broadcasters and cable systems for the mutual benefit of all. Pay TV should be 100% Canadian.

COLIN N. BROWN - No. 6

Technical

There should be two channels of pay television for different kinds of programming service.

Programming

Mr. Brown would like to see the creative use of old films, such as the "theme evenings" by OECA, but without the discussions. These movies should not be censored, and could be carried on a second Pay channel for a lower rate than the, "current hits", channel.

AEYRON SHANDREL - No. 15 - (Opposes)

Programming

She feels that all the good programs will go to Pay TV, the left-overs will go to the public at large.

JOHN D. RICHARD - No. 16

Impact

His proposal (prepared in 1974) covers the legal background of Pay TV, discusses the various options, and makes proposals for the provision of service, ownership, and a source of programs. It carefully details how these factors must be developed to remain within the C.R.T.C. regulations.

Ownership

A corporate joint venture would be established between Cable and Broadcast licensees, within certain areas, which would utilize the delivery system most suitable for that area. This venture would obtain programs from a variety of sources, much as a television network affiliate obtains programs. The major source would be a licensed National Organization which would both produce and obtain programs for the Pay TV operators, but would not be the single source for pay programs.

W. L. JOLLIMORE - No. 17

The regulations to be applied to Pay TV must be carefully considered so as to guarantee that they will benefit Canadian Performers.

JACQUELINE GIBSONS - No. 18

Canadian Content, plus the development of a new audience for the performing arts are priorities.

DONNA HOSSAK - No. 19

Programming

We must approach Pay TV slowly because of its possible negative effects on the Canadian Arts. What is the rush? Why not take the time to do it right for Canada?

Programming

She suggests one for one, Canadian/Foreign films, plus Canadian children's programs on Saturday and Sunday. Viewers should be polled as to the type of films they would like to see.

Technical

She proposed leasing distribution lines from the telephone companies, who would also collect the bills.

Ownership

There should be a national company.

MICHAEL B. KRZYZERSKI - No. 49

Programming

Programs should be non-commercial and 100% Canadian, however, this could be reduced to 90% Canadian to allow the high quality foreign productions to be shown.

PAUL B. MURRAY AND PATRICIA HIGGINS - No. 66 - (Opposes)

We must slow down the procedure to fully analyse the potential effect of Pay TV on the present system, and to establish what the potential views want.

W. L. MADDEN - No. 69

Programming

There should be no Canadian Content regulations, all programs should stand on merit alone. Multi-channel service could be used to meet Canadian Content requirements.

Impact

We should be more concerned about Canadians who do not presently receive a Canadian service.

STUART MARWICK - No. 78

Programming

Should have a majority of Canadian programming with a pay-per-program set-up to allow 2/3 of all revenues to return to program production.

Ownership

An agency with 100% independence should handle Pay TV.

PAUL BOYD - No. 84 - (Supports)

Programming

Pay TV should be offered on a monthly subscription basis with no advertising and with an emphasis on increased Canadian Content as the system becomes accepted. English and French language networks would program first run films, night-club shows, theatre performances, etc., both Canadian and American.

Ownership

Should be a mixed corporation of Cable TV (controlling power). Broadcasters, producers and the general public. The system envisaged by PIT should be implemented.

Technical

Delivery should commence with cable. If successful, should it move to UHF in non-cabled areas.

Satellite delivery to cable companies is preferred with microwave or bicycling as other choices.

DOUGLAS LETTERMAN - No. 87 (Supports)

Douglas Leiterman has presented a model which would provide 3 new channels, two for Pay TV.

- 10 regional (provincial) authorities would program one channel, and would apply the resulting revenues to regional productions.

1 national crown corporation would program and administrate 1 pay channel and a National Public Service channel.

The carriage of these channels would be mandatory for all cable companies who would in turn recoup their expenses plus a fixed profit.

This proposal could be implemented in 3 phases taking into account the changing distribution technology.

Phase 1 Bicycling of videotapes for experimental purposes.

Phase 2 Satellite to local earth station, microwave to local cable systems headends.

UHF or small dish satellite receivers for remote areas as technology develops.

Phase 3 National cable optical fibre or direct satellite to home.

Ownership

A Federal Crown Corporation would handle National interests.

The Provincial authorities would establish regional corporations to address provincial concerns.

Economics

The viewer pays a one time \$15 installation fee for the black box. Pay per program fees would be from 10 cents to \$3, depending on the program.

The cable company receives a \$15 installation fee, plus ongoing service and maintenance costs.

The National and Regional Pay TV networks would receive all revenues from respective channels, and distribute the money as follows:

100% of revenue from Canadian productions would go to Canadian producers.

50% of revenues from Canadian/Foreign co-productions would be returned to the producer.

25% of revenues from foreign productions would be returned to the Canadian distributors.

The National Network would pay transmission/satellite/ground station costs.

The Regional Network would cover the costs of the Black Box, service, maintenance, etc.

Canadian Distributors

The distributors would receive the revenues (commissions) on movies they place on Pay TV. They would also set the fees for these movies. These Canadian distributors are the only ones who can place foreign product on Pay TV.

Canadian Producers

They receive 100% of the actual revenue accruing from programs placed on either the National or Regional channels.

Canadian producers could air their product as often as they felt it appropriate. (They would have guaranteed access to both National and Regional channels).

Estimated Breakdown of Pay TV revenues

50% Canadian Production

20% Common Carrier, Black Boxes, billing, administration costs.

20% Cdn/Foreign Co-Productions

10% Foreign products.

Impact

Viewers - freedom of choice provided by the pay-per-program system.
- sliding viewer fee set by the producer/distributor
- no charge for many regional/national events.

Canadian Movie Producers

- 100% access plus the return of all revenues
- guaranteed exhibition of films
- total range of entertainment programs will be needed.

Foreign Movie Producers

- financial incentives to co-produce with Canadians
- opportunity to acquire Canadian movies for foreign distribution.

Broadcast Stations, Networks

- slightly diminished viewership, no advertising competition
- could produce for Pay TV
- enhanced Canadian movie production available for subsequent TV runs.

LIOIA SALTER - No. 88 (Opposes)

Who is talking about what can be done with the medium, rather than with the money? Is a token 15% of revenues for Canadian production of any real value? Has access to funding become the criteria for measuring the health of the Canadian Arts or Communications? How can Pay TV support the broadcasting system? Canadian Content in films, and the arts, must stand on its own merit, not regulated quotas. The mere question of program content is of minor importance compared to the overall potential impact of Pay TV.

STEVEN GURION - No. 92 - (Supports)

Impact

Mr. Gurion believes that people should have access to American movies and shows which they want. A Canadian Content quota should not be established.

BRIAN M. CARROLL - No. 94

Programming

Films must be shown in their entirety, without interruptions.

RUTH MARQUIS - No. 95

Programming

A Public Hearing should be held.

ROXANN V. SMITH - No. 102

Programming

Pay TV must protect and nurture the Canadian identity and Culture. A further delay beyond October 1st is necessary to properly consider this issue. If Pay TV is established it should be provided by a public corporation.

H. G. ROBERTSON - No. 105

Programming

Pay TV must not siphon movies, sports, etc. from regular TV because senior citizens and others on fixed incomes cannot afford to pay for additional services. If siphoning occurs it could deprive people of existing television programs.

